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SUBJ/ETHICS AND CONTRACTING EXCELLENCE//

RMKS/1. The Navy and Marine Corps have a strong tradition of honor that requires all of us to conduct ourselves in the highest ethical manner, to be honest and truthful in our dealings with each other and with those outside the Department of the Navy (DON), and to act in the best interests of the DON and the Nation without regard to personal consequences. The public trust, confidence, and respect that this legacy of honor has engendered for the Navy-Marine Corps team - every Sailor, Marine, and civilian employee - are no accident. Many people have worked very hard, over centuries, and sacrificed much to secure it. They set and lived up to a very high standard. It is because of those who stood the watch before us and who held themselves and others accountable that we enjoy our Nation *s trust.

2. The Navy-Marine Corps team has a moral obligation to bring evidence of unethical conduct and other forms of wrongdoing to the attention of the chain of command. The chain of command, in turn, has the duty to take appropriate action, thereby maintaining an environment that promotes candor, confidence, and trust in our Navy and Marine Corps. The hotlines for the Naval and Marine Corps Inspectors General, the Naval Auditor General, the Naval Criminal Investigative Service (NCIS), and the Acquisition Integrity Office (AIO) permit confidential reporting of suspected violations and are appropriate alternatives to the chain of command.

3. I call upon everyone on the Navy-Marine Corps team to be alert to the possibility of fraud and other improprieties and to help fight them.

4. The DON takes aggressive action to prevent fraud and to hold those who commit fraud accountable. First, the NCIS actively investigates and pursues cases of fraud, and the AIO closely collaborates with all law enforcement agencies regarding administrative actions within days of a fraud conviction or plea agreement. Second, the DON has increased the use of fact-based suspensions and debarments when there is evidence of contractor misconduct, including fraud or poor performance. Third, we have provided contracting officers with detailed guidance on how to determine the present responsibility of contractors, and directed that, whenever a contract is terminated for default or cause, it is reported to the AIO for an assessment as to whether suspension or debarment of the contractor is warranted.

5. There are rules, standards, and qualified counsel to help guide us. These standards include the fourteen bedrock principles of ethical conduct outlined in Executive Order 12674, as well as specific rules for a wide range

of activities, such as accepting gifts from outside sources, maintaining impartiality in performing our duties, and use of our official positions. Ethical decision making, however, is not solely a function of whether a law or regulation permits us to do something. We must also consider whether the action sets the right example and is the honorable thing to do.

6. We must be particularly vigilant about accepting gifts from contractors and those who seek to become contractors. Even small gifts that may be permitted by the Standards of Conduct can create the impression that you are using your public service for personal gain. It is frequently prudent to return gifts, or to pay for them, rather than to accept them. The potential embarrassment from declining or returning a gift is outweighed by the imperative of maintaining the public's confidence in all our actions.

7. Required action. When in a foreign area, accepting gifts of food, refreshments, or entertainment at events under the gift exception in accordance with 5 C.F.R. section 2635.204(i) heightens these risks. Therefore, to mitigate against the potential inappropriate acceptance of gifts, when relying upon this specific gift exception, I direct all DON personnel to secure a written determination that their participation and acceptance of food, refreshments, or entertainment at a meeting or an event held in a foreign area is official under 5 C.F.R. section 2635.204(i) prior to attendance or acceptance of such gifts. Only Presidentially appointed, Senate-confirmed (PAS) officials, Flag/General Officers, and Senior Executive Service (SES) members are authorized to make the determination regarding attendance at such events for their subordinates. Only officers in the grade of O-10 and PAS officials may make this determination for their own acceptance after consultation with an ethics counselor. All other Flag/General Officers and SES members shall seek a determination from their chain of command. All PAS officials, Flag/General officers, and SES members shall consult with a designated ethics counselor prior to making each determination under this section, and shall ensure that same is properly documented.

8. I ask all of you to be constantly mindful of these obligations and the rules and standards that help guide us in our personal capacities. If you have questions about whether something is appropriate, ask. Supervisors, Commanding Officers, ethics counselors, and the chain of command are obligated to assist.

9. Commanders and supervisors should reinforce the expectation of ethical behavior through their personal leadership and conduct, holding themselves and their subordinates accountable for modeling the DON's core values. I expect that ethical behavior will be a regular subject of discussion within the course of business at every echelon of command. Leaders at each level have an obligation to foster an environment where subordinates have the confidence to report misconduct without fear of reprisal.

10. We owe this uncompromising commitment to acquisition integrity and personal ethics to ourselves, to our Navy and Marine Corps, and, most importantly, to the Nation that we serve and defend.

11. Released by Ray Mabus, Secretary of the Navy.//

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